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## National Intelligence Daily (Cable)

7 October 1980

APPROVED FOR RELEASE DATE: AUG 2005

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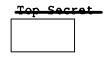
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SITUATION REPORTS		
IRAN-IRAQ		
Tehran was bombed for Iraqi aircraft also struck Iran.	r a second consecutive of military and economic	
Mood in Baghdad		
political demise is pr	ation on President : emature.	Saddam Hussein's
Iraqi enthusiasm for t as Iraqi civilians see direct costs:		
The Iranian Air and other Iraqi	Force continues to cities.	his Baghdad
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- --Thousands of foreign workers and their dependents are leaving Iraq.
- --Baghdad University has suspended classes indefinitely, while elementary and secondary schools appear to have closed temporarily.
- --Public funerals of Iraqi soldiers killed in the fighting are more numerous.

Iraq's hopes for a quick victory have been dashed. Its strategy now is probably to wear down Iranian resistance since the Iraqis may estimate that the Iranian military cannot continue its current level of operations much longer and will soon have significant shortages in fuel and spare parts.

The prospect for a longer war has made Iraq especially sensitive to any sign that foreign governments are supplying Iran with military supplies. Recent Iraqi press commentary, as well as charges by Iraqi Defense Minister Talfah that the US is supplying Iran with spare parts, reflect Iraq's concern that Washington and Tehran will make a deal involving arms and the hostages.

## Inside Iran

President Bani-Sadr's newspaper in editorials over the weekend sharply criticized his clerical opponents for their purges of the officer corps before the war with Iraq. The paper criticized "narrow-minded Muslim fundamentalists" who sought to weaken the armed forces and

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asked, "What would have been the fate of Iran today if they had succeeded in the plans to eliminate out Army?"  Bani-Sadr is probably attempting to seize the political initiative. He undoubtedly fears that the clerics will blame him for Iran's military setbacks because he has been commander in chief of the armed forces since last February, and assumed direct command of the war effort shortly before the Iraqi offensive into Khuzestan.	
Soviet Reaction	_
//The Soviets for the first time have sought to suggest that a possible Western naval force in the Persian Gulf would impinge on the USSR's security interests.	